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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

STR-01 OIC-02 SS-15 NSC-05 L-02 H-01 /100 W
---------- 098824
R 301900Z JAN 75
FM USMISSION OECD PARIS
TO SECSTATE WASH DC 5221

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DEPT PASS TREAS FOR GRIFFIN

E.O.11652: N/A
TAGS: EFIN, OECD
SUBJECT: NEW INVESTMENT COMMITTEE AND MNE ACTIVITIES
IN OECD

REFS: (A) C(74)247
(B) OECD PARIS 1437
(C) STATE 13537
(D) CE(74)15
(E) OECD PARIS 01919

1. SUMMARY. OECD COUNCIL ADOPTED RESOLUTION CREATING NEW INVESTMENT COMMITTEE WITH ONLY MINOR CHANGES FROM EXCOM DRAFT. ASSISTANT SECGEN ABRAMOWSKI PLANS TO HOLD FIRST MEETING OF COMMITTEE IN SECOND HALF OF FEB FOCUSING ON INCENTIVES/DISINCENTIVES AND NATIONAL TREATMENT, AS WELL AS PRELIMINARY STUDIES OF STANDARDS FOR MNE BEHAVIOR. END SUMMARY.

2. OECD COUNCIL ON JAN 21 ADOPTED RESOLUTION ESTABLISHING NEW INVESTMENT COMMITTEE AND APPROVED DRAFT ENTRY IN LIMITED OFFICIAL USE

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MINUTES REGARDING WORK OF SPECIALIZED COMMITTEES IN MNE

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FIELD. THE ONLY CHANGES IN RESOLUTION TEXT OF REFDOC A DIFFERENT FROM THOSE INDICATED IN REFTEL (B) WERE AS FOLLOWS: IN PARA 4, THE NEW LANGUAGE READS, "THE COMMITTEE SHALL CARRY OUT ITS ACTIVITIES IN COOPERATION WITH OTHER COMMITTEES CONCERNED, AS APPROPRIATE, WHICH WOULD REPORT TO THE COUNCIL THROUGH THE COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES ON THE FUTURE PROGRESS OF THIS WORK." IN THE DRAFT ENTRY ON P. 3 OF REFDOC (A), PARA (B) WAS AMENDED TO READ, "ADOPTED THE DRAFT RESOLUTION ESTABLISHING ON A PROVISIONAL BASIS A COMMITTEE ON INTERNATIONAL INVESTMENT AND MULTINATIONAL ENTERPRISES, AS SET OUT IN ANNEX II TO C(74)247." PARAGRAPH (D)(I) IN THE DRAFT ENTRY WAS AMENDED TO READ, "TO CONTINUE THIS WORK, AS A MATTER OF URGENCY, ALONG THE LINES INDICATED IN THE PROGRESS REPORTS, TAKING INTO ACCOUNT THE VIEWS EXPRESSED BY THE EXECUTIVE COMMITTEE AT ITS 8TH SPECIAL SESSION AND ALSO THE COMMENTS FROM THE BIAC AND THE TUAC;" IN RESPONSE TO INSISTENCE BY TURKISH DELEGATE, COUNCIL ALSO ADDED A PARA (E) TO THE DRAFT ENTRY WHICH READS, "TAKES NOTE OF THE DECLARATION OF THE TURKISH DELEGATE REFERRING TO THE SPECIAL SITUATION IN TURKEY." TURKISH ADDITION PRESUMABLY REFERS TO THAT COUNTRY'S RELUCTANCE TO ACKNOWLEDGE PRINCIPLE OF NATIONAL TREATMENT TO FOREIGN INVESTORS AT THE PRESENT STAGE OF ITS DEVELOPMENT (I.E. IN LINE WITH TURKISH RESERVATIONS TO CAPITAL MOVEMENTS CODE). HOWEVER, TURKISH PERMREP DID NOT MAKE A CLEAR PRESENTATION OF REASONS FOR HIS AMENDMENT.

3. ASSISTANT SECGEN ABRAMOWSKI HAS OUTLINED FOLLOWING PRELIMINARY PLANS FOR THE NEW COMMITTEE: THE FIRST MEETING OF THE COMMITTEE IS ENVISIONED FOR THE SECOND HALF OF FEB AT WHICH SECRETARIAT CONTEMPLATES PRESENTING THREE WORKING PAPERS. THE FIRST WILL BE A NEW VERSION OF ANNEX I OF REFDOC (D), TAKING INTO ACCOUNT THE COMMENTS OF THE XCSS. IT IS FELT THAT INCENTIVES/DISINCENTIVES WILL BE STUDIED BEFORE NATIONAL TREATMENT, THE PARAMETERS OF WHICH ARE SOMEWHAT BETTER DEFINED. THE SECOND PAPER WILL BE A REISSUE OF ANNEX II OF REFDOC (D) EITHER AS IT IS, OR IN A VERSION TAKING INTO ACCOUNT
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THE COMMENTS (NOT ENTIRELY COMPLIMENTARY) MADE DURING THE XCSS. THE THIRD PAPER WOULD BE PRELIMINARY, POSING ISSUES IN THE DEVELOPMENT OF STANDARDS FOR MNE BEHAVIOR. ISSUES SUCH AS POSSIBLE CONCEPTS TO BE COVERED AND THE QUESTION OF OBJECTIVES OF THE EXERCISE (I.E. WOULD GOVERNMENTS RECOMMEND STANDARDS TO FIRMS OR WOULD STANDARDS BE SUGGESTED FOR VOLUNTARY ADOPTION BY FIRMS) WOULD BE RAISED.

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4. AS REGARDS INCENTIVES/DISINCENTIVES, THE MAIN ISSUES EMERGING FROM XCSS DISCUSSION TO BE PRESENTED IN THE SECRETARIAT'S PAPER ARE THE FOLLOWING. FIRST, DETERMINATION OF WHAT TYPE OF INCENTIVES/DISINCENTIVES WOULD BE RELEVANT, I.E. GRANTS, FAVORABLE TAX TREATMENT, TAX

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CREDITS, EXEMPTION FROM INDIRECT TAXES OR CUSTOMS DUTIES ON CAPITAL GOODS, OFFICIAL CREDIT FACILITIES, ETC. TO DRAW THE LINE BETWEEN BROAD MACRO-ECONOMIC POLICIES, WHICH PRESUMABLY NOT COVERED, AND TYPES OF SPECIFIC MEASURES THAT WOULD BE COVERED. AN IMPORTANT ASPECT OF THIS INVOLVES THE TAX AREA. SECOND, DETERMINATION WOULD HAVE TO BE MADE AS TO WHAT KINDS OF INVESTMENTS WOULD BE AFFECTED, I.E. SOLELY INTERNATIONAL INVESTMENT, OR FOREIGN AND DOMESTIC INVESTMENT HAVING INTERNATIONAL EFFECTS. THIRD, PROCEDURAL ISSUES WOULD BE STUDIED TO EXPLORE WHAT NOTIFICATION PROCEDURES, IF ANY, WOULD BE UTILIZED.

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5. SECRETARIAT'S SOUNDINGS INDICATE NAME OF FRAU STEEG HAS BEEN POSITIVELY RECEIVED (SOME STILL ON AN AD REFERENDUM BASIS) BY MOST DELEGATIONS. ABRAMOWSKI BELIEVES THAT INFORMAL AGREEMENT OF HER CHAIRMANSHIP CAN BE REACHED BY END OF NEXT WEEK.

6. A FREQUENT SCHEDULE OF FURTHER MEETINGS OF THE COMMITTEE IS ENVISIONED, INCLUDING ONE MEETING ON A BACK-
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TO-BACK BASIS FOLLOWING THE SPECIAL SESSION OF THE DIRECT INVESTMENT COMMITTEE OF THE INVISIBLES COMMITTEE. THIS LATTER MEETING IS SCHEDULED TENTATIVELY FOR APRIL 24 (REFTEL (E)).
TURNER

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Message Attributes

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Control Number: n/a
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Draft Date: 30 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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